

Development of Internet Gambling Regulations
Conference call with Branch Banking and Trust Company (BB&T)

Call Date: April 21, 2008, 1:00 p.m. EDT.

BB&T: Joseph Blount, Vice President, Payment Strategies; David Boyette, Vice President & Merchant Services Risk Manager; Whit Coolbaugh, Banking Officer, Payment Strategies; April Harvey-Dozier, Senior Vice President, Corporate Compliance; Mason Hinkle, Vice President & AML Manager; Lisa McDougald, Senior Vice President, Legal Department; Ranea Sanders, Vice President, Risk Management & Admin Group.

FRB: Joseph Baressi, Financial Services Project Leader, and Joshua Hart, Financial Services Analyst, Division of Reserve Bank Operations and Payment Systems; Christopher Clubb, Senior Counsel, Legal Division.

Treasury: Steven Laughton, Senior Counsel, Office of the Assistant General Counsel.

On April 21, 2008, at 1:00 p.m. EDT, staff of the Federal Reserve Board and the Department of the Treasury (the Agencies) participated in a conference call with staff of BB&T to obtain clarifying information from BB&T regarding the comment letter it submitted in response to the Agencies' proposed rule.¹ Specifically, the purpose of the call was for the Agencies to obtain clarifying information regarding the resources associated with a large bank, such as BB&T, conducting risk-based due diligence inquiries into the business lines of its existing commercial customer base pursuant to a rule implementing UIGEA.

BB&T stated that it prospectively implemented a customer identification program (CIP), effective October 1, 2003, pursuant to section 326 of the USA PATRIOT Act. In addition to CIP, the bank also conducts due diligence at the time a commercial account relationship is established. Since April 2007, as part of this process, a prospective accountholder has been required to indicate its industry and line of business.

For card-based merchant-acquiring relationships, BB&T additionally conducts on-site visits and, where applicable, reviews the merchant's website. BB&T also has a program of monitoring transactions cleared by the merchant to assess whether they fit within internal guidelines for the nature of the merchant's business, as determined at the time of relationship establishment, and averages for the merchant's industry. In addition, the bank has a long-standing policy of declining to establish merchant-acquiring relationships for potential customers engaged in the business of gambling.

An estimated 50 percent of BB&T's existing commercial deposit accounts and 80 percent of its merchant card relationships have been subjected to the above-described processes. For merchant relationships that were acquired from other institutions, the other institutions' screening processes were reviewed and in general found to be substantially similar or comparable to BB&T's processes.

¹ The Agencies published a proposed rule to implement UIGEA on October 4, 2007. See 72 FR 56680. In response to the proposed rule, BB&T submitted a comment letter dated December 12, 2007, which is also part of the public record in this matter.